

THE IDEA VILLAGE, INC.**FINANCIAL STATEMENTS****June 30, 2013 and 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **NOV 06 2013**

THE IDEA VILLAGE, INC
NEW ORLEANS, LOUISIANA

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CLIFTON W. NEWLIN
ROBERT D. WATKINS
EDWARD G. BERBUESSE, JR.
JON S. FOLSE



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JONATHAN P. KOENIG

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Idea Village, Inc
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of The Idea Village, Inc (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Idea Village, Inc as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2013 on our consideration of The Idea Village, Inc 's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Idea Village, Inc 's internal control over financial reporting and compliance.

October 22, 2013

Wegman Poynter + Company

THE IDEA VILLAGE, INC
STATEMENTS OF FINANCIAL POSITION

June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 244,574	\$ 536,608
Pledges receivable	60,100	29,206
Grants receivable	512,615	172,604
Prepaid expenses	1,724	6,219
Total current assets	<u>819,013</u>	<u>744,637</u>
Property and equipment, at cost less accumulated depreciation	287,221	305,235
Deposits	<u>5,551</u>	<u>5,551</u>
Total assets	<u><u>\$ 1,111,785</u></u>	<u><u>\$ 1,055,423</u></u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 5,653	\$ 36,901
Other current liabilities	925	925
Total current liabilities	<u>6,578</u>	<u>37,826</u>
NET ASSETS		
Net assets		
Unrestricted	1,085,090	975,348
Temporarily restricted	20,117	42,249
Total net assets	<u>1,105,207</u>	<u>1,017,597</u>
Total liabilities and net assets	<u><u>\$ 1,111,785</u></u>	<u><u>\$ 1,055,423</u></u>

See accompanying Notes to Financial Statements

THE IDEA VILLAGE, INC
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Contributions	\$ 63,951	\$ -	\$ 63,951
Donations	1,758,973	244,900	2,003,873
Other revenue	2,800	-	2,800
Net assets released from restrictions	<u>267,032</u>	<u>(267,032)</u>	<u>-</u>
Total revenues	<u>2,092,756</u>	<u>(22,132)</u>	<u>2,070,624</u>
Expenses			
Program services			
Special projects	304,370	-	304,370
Fundraising	117,059	-	117,059
Supporting services			
Core activities	1,210,451	-	1,210,451
General and administrative	<u>351,134</u>	<u>-</u>	<u>351,134</u>
Total expenses	<u>1,983,014</u>	<u>-</u>	<u>1,983,014</u>
Change in net assets	109,742	(22,132)	87,610
Net assets			
Beginning of year	<u>975,348</u>	<u>42,249</u>	<u>1,017,597</u>
End of year	<u><u>\$ 1,085,090</u></u>	<u><u>\$ 20,117</u></u>	<u><u>\$ 1,105,207</u></u>

See accompanying Notes to Financial Statements

THE IDEA VILLAGE, INC
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Contributions	\$ 32,057	\$ 90,819	\$ 122,876
Donations	1,879,899	308,379	2,188,278
Net assets released from restrictions	<u>451,308</u>	<u>(451,308)</u>	<u>-</u>
Total revenues	<u>2,363,264</u>	<u>(52,110)</u>	<u>2,311,154</u>
Expenses			
Program services			
Special projects	147,536	-	147,536
Fundraising	46,564	-	46,564
Supporting services			
Core activities	1,455,221	-	1,455,221
General and administrative	<u>590,613</u>	<u>-</u>	<u>590,613</u>
Total expenses	<u>2,239,934</u>	<u>-</u>	<u>2,239,934</u>
Change in net assets	123,330	(52,110)	71,220
Net assets			
Beginning of year	<u>852,018</u>	<u>94,359</u>	<u>946,377</u>
End of year	<u><u>\$ 975,348</u></u>	<u><u>\$ 42,249</u></u>	<u><u>\$ 1,017,597</u></u>

See accompanying Notes to Financial Statements

THE IDEA VILLAGE, INC
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013

	Special Projects	Fundraising	Core Activities	General and Administrative	Total Expenses
Accounting	\$ -	\$ -	\$ -	\$ 45,282	\$ 45,282
Auto rental	-	26	653	-	679
Bad debt expense	-	-	-	11,191	11,191
Bank service charge	-	-	-	4,268	4,268
Computer services and supplies	-	-	-	21,136	21,136
Contract labor fees	-	-	130,517	-	130,517
Development	-	1,735	-	-	1,735
Depreciation	-	-	18,014	-	18,014
Dues and subscriptions	-	130	1,303	285	1,718
401k administration fee	-	-	-	2,400	2,400
Events expense	105,014	-	222,742	-	327,756
Grants awarded	4,000	-	-	-	4,000
Information technology	-	-	6,993	22,422	29,415
Insurance	-	-	-	15,180	15,180
In-kind expense	-	-	75,000	-	75,000
Marketing	3,345	11,145	76,729	15,307	106,526
Meals and entertainment	-	882	2,302	1,276	4,460
Meeting	-	-	2,250	-	2,250
Office supplies	-	11	674	5,101	5,786
Other expense	234	-	1,343	343	1,920
Parking and tolls	-	-	330	-	330
Payroll service fees	-	-	-	2,918	2,918
Payroll taxes and employee benefits	5,428	9,951	54,848	10,903	81,130
Postage and delivery	-	507	-	728	1,235
Printing and reproduction	-	-	559	4,859	5,418
Production	-	-	22,100	-	22,100
Professional development	-	-	1,240	775	2,015
Public relations	-	-	22,800	-	22,800
Rent expense	3,792	6,950	39,175	13,269	63,186
Repairs and maintenance	-	-	-	1,647	1,647
Salary and wages	45,209	82,883	467,161	158,732	753,985
Telephone	-	-	88	4,165	4,253
Travel	19,079	2,839	58,673	7,445	88,036
Utilities	113	-	4,957	-	5,070
Water challenge awards	118,156	-	-	-	118,156
Workers comp insurance	-	-	-	1,502	1,502
Total expenses	<u>\$ 304,370</u>	<u>\$ 117,059</u>	<u>\$ 1,210,451</u>	<u>\$ 351,134</u>	<u>\$ 1,983,014</u>

See accompanying Notes to Financial Statements

THE IDEA VILLAGE, INC
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

	Special Projects	Fundraising	Core Activities	General and Administrative	Total Expenses
Accounting	\$ -	\$ -	\$ -	\$ 91,074	\$ 91,074
Advertising	-	-	300	-	300
Alarm and security	-	8	319	83	410
Auto rental	-	700	272	-	972
Bad debt expense	-	-	47,500	-	47,500
Bank service charge	-	2,806	320	1,537	4,663
Computer services and supplies	-	17	659	16,516	17,192
Contract labor fees	-	-	279,299	4,188	283,487
Development	-	5,642	-	-	5,642
Depreciation	-	-	32,093	-	32,093
Dues and subscriptions	-	19	714	148	881
401k administration fee	-	63	2,443	625	3,131
Events expense	31,278	-	242,036	-	273,314
Loss on sale of assets	-	-	42	-	42
Information technology	709	391	21,740	3,911	26,751
Insurance	-	263	42,430	10,880	53,573
In-kind expense	-	-	-	327,957	327,957
Intern	-	-	2,850	-	2,850
Licenses and permits	-	11	427	109	547
Marketing	815	-	60,053	-	60,868
Meals and entertainment	-	6,417	4,074	-	10,491
Medical insurance	-	825	-	-	825
Office supplies	-	196	6,972	4,523	11,691
Other expense	17,342	32	6,250	587	24,211
Parking and tolls	-	-	374	-	374
Payroll service fees	-	55	2,134	547	2,736
Payroll taxes	-	855	33,343	8,549	42,747
Postage and delivery	-	49	1,899	487	2,435
Printing and reproduction	-	83	3,261	836	4,180
Production	-	-	28,408	-	28,408
Public relations	-	-	33,910	-	33,910
Rent expense	-	1,027	40,089	9,966	51,082
Repairs and maintenance	79	26	1,686	838	2,629
Salary and wages	97,313	12,977	405,543	104,230	620,063
Telephone	-	80	3,106	796	3,982
Travel	-	13,800	41,852	-	55,652
Utilities	-	140	5,485	1,407	7,032
Water challenge awards	-	-	100,143	-	100,143
Workers comp insurance	-	82	3,195	819	4,096
Total expenses	<u>\$ 147,536</u>	<u>\$ 46,564</u>	<u>\$ 1,455,221</u>	<u>\$ 590,613</u>	<u>\$ 2,239,934</u>

See accompanying Notes to Financial Statements

THE IDEA VILLAGE, INC
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Change in net assets	\$ 87,610	\$ 71,220
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	18,014	32,093
Loss on the disposal of assets	-	42
(Increase) decrease in operating assets		
Receivables	(370,905)	63,628
Prepaid expenses	4,495	(6,219)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(31,248)	(11,011)
Other current liabilities	-	(1,232)
Net cash (used) provided by operating activities	<u>(292,034)</u>	<u>148,521</u>
Net (decrease) increase in cash	(292,034)	148,521
Cash and cash equivalents at beginning of year	<u>536,608</u>	<u>388,087</u>
Cash and cash equivalents at end of year	<u>\$ 244,574</u>	<u>\$ 536,608</u>

See accompanying Notes to Financial Statements

THE IDEA VILLAGE, INC
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012

1) Nature of activities

The Idea Village, Inc (the "Village") is a non-profit organization established in 2002 to generate economic development in the New Orleans region by commercializing ideas and accelerating the growth of entrepreneurial companies. The Village focuses primarily on early-stage companies, providing targeted services and access to third-party capital including venture capitalists, corporate and individual investors. The Village guides companies as to the most efficient and effective means of raising venture capital and accelerating success.

The Village has also developed a revitalization strategy to support entrepreneurs determined to rebuild their business in the New Orleans area. Its goal is to secure strong, sustainable commercial corridors that will serve as community "anchors" fueling private investments and giving residents a greater sense of confidence, ownership and participation in their neighborhoods.

2) Summary of significant accounting policies

The significant accounting policies followed by the Village are summarized as follows:

(a) Financial statement presentation

The Village's policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

(b) Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

(c) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

(d) Accounts receivable

Accounts are considered overdue if uncollected within ninety days of the original invoice. The Village writes off uncollectible accounts as they are identified. No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible.

THE IDEA VILLAGE, INC
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012

2) Summary of Significant Accounting Policies (continued)

(e) Depreciation of property and equipment

Depreciation of the buildings, equipment, computers, furniture and fixtures, closing cost and leasehold improvements is provided over the estimated useful lives of the respective assets on a straight-line basis ranging from 3 to 39 years

Property and equipment are stated at cost. Additions, renewals, and betterments that add materially to the productive capacity or extend the life of an asset are capitalized. Expenditures for maintenance and repairs, which do not extend the life of the applicable assets, are charged to expense as incurred. Upon retirement or disposal of an asset, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting gain or loss is included in the Statement of Activities.

(f) Taxes

The Village is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Village has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The Village files Form 990 and Form 990 T tax returns in the U.S. federal jurisdiction and in various states.

The Village adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Management of the Village believes it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits. With few exceptions, the Village is no longer subject to U.S. federal, state and local, or income tax examinations by tax authorities for years before 2010.

(g) Fundraising

All expenses associated with the fundraising event are expenses as incurred.

(h) Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) Concentration of credit risk

Financial instruments that potentially subject the Village to concentrations of credit risk consist principally of cash deposits. The Village may at times have cash on deposit at financial institutions that is in excess of federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Village has not experienced any losses in such accounts. The Village has no policy requiring collateral or other security to support its deposits.

THE IDEA VILLAGE, INC
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012

2) Summary of Significant Accounting Policies (continued)

(j) Promises to give

Unconditional promises to give are recognized when the donor makes a promise to give. Conditional promises to give are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(k) Donated services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Village.

The Village received volunteer help to provide consulting services to entrepreneurs and other donated services to assist with meeting and event expenses. The estimated value of the contributed services for the years ended June 30, 2013 and 2012 was \$75,000 and \$328,000, respectively.

(l) Advertising

The Village uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2012 was \$300.

(m) Donated property and equipment

Noncash donations are recorded as contributions at their fair values at the date of donations. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

(n) Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Village.

THE IDEA VILLAGE, INC
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012

3) Restrictions on net assets

The Village operates many initiatives in the New Orleans area. The Village has several initiatives which provide services to help young adults stay in the New Orleans area, and to support and help grow water and water-related ventures.

Temporarily restricted net assets are available for the following initiatives

	<u>2013</u>	<u>2012</u>
Trust Your Crazy Ideas	\$ -	\$ 15,249
Donation for 2013	-	5,000
Technology	<u>20,117</u>	<u>22,000</u>
Total temporarily restricted assets	<u>\$ 20,117</u>	<u>\$ 42,249</u>

4) Federal financial assistance

In 2011, the Village and two other organizations were awarded a grant from the U S Department of Commerce through the Louisiana Department of Economic Development to execute a business outreach strategy that will educate the public at large and target industries that "New Orleans is open for business." The project is a collaborative public-private partnership between the Village and two other organizations. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the year ended June 30, 2012 was as follows:

	<u>2012</u>
Grant Receipts	\$ 128,918
Less Grant Expenditures	25,843
Less Prior Year Receivable	<u>103,075</u>
Due from grant at end of year	<u>\$ -</u>

In 2013, the Village was awarded a grant from the Delta Regional to provide direct technical assistance and consulting to entrepreneurs in the New Orleans regions. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the year ended June 30, 2013 was as follows:

	<u>2013</u>
Grant Receipts	\$ -
Less Grant Expenditures	<u>50,000</u>
Due from grant at end of year	<u>\$ 50,000</u>

THE IDEA VILLAGE, INC
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012

4) Federal financial assistance (continued)

In 2011, the Village was awarded a grant from the U S Department of Housing and Urban Development through the Louisiana Office of Community Development to encourage private and philanthropic investment, diversify the economy, and extend opportunities to community-based start-up and early stage business. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the years ended June 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Grant Receipts	\$ 135,831	\$ 374,487
Less Grant Expenditures	450,439	379,394
Less Prior Year Receivable	<u>125,503</u>	<u>120,596</u>
Due from grant at end of year	<u>\$ 440,111</u>	<u>\$ 125,503</u>

In 2011, the Village was awarded a grant from the U S Department of Commerce through the Louisiana Department of Economic Development to help achieve a greater degree of economic resiliency in the New Orleans economy. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the years ended June 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Grant Receipts	\$ 185,110	\$ 192,385
Less Grant Expenditures	160,513	239,486
Less Prior Year Receivable	<u>47,101</u>	<u>-</u>
Due from grant at end of year	<u>\$ 22,504</u>	<u>\$ 47,101</u>

5) Property and equipment

Property and equipment consists of the following:

	<u>2013</u>	<u>2012</u>
Building	\$ 41,508	\$ 41,508
Computers	40,526	40,526
Furniture and fixtures	48,904	48,904
Loan closing costs	2,134	2,134
Leasehold improvements	<u>261,984</u>	<u>261,984</u>
Total costs	395,056	395,056
Less accumulated depreciation	<u>107,835</u>	<u>89,821</u>
Property and equipment	<u>\$287,221</u>	<u>\$ 305,235</u>

THE IDEA VILLAGE, INC
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012

6) Operating lease

The Village leases an office space. The lease expires in March 2014, unless terminated early in accordance with the lease agreement. Future minimum rental payments under the lease are as follows:

<u>Year Ending</u>		<u>Amount</u>
2014	\$	23,265

Total rent expense under the operating lease was \$63,186 and \$51,082 for the years ended June 30, 2013 and 2012, respectively.

7) Agency transactions

The Village receives donated consulting and legal services from various businesses throughout the year. These services are then passed on to the entrepreneurs. The total amount received during 2013 and 2012 was approximately \$71,000 and \$67,800, respectively.

8) Subsequent events

Management has evaluated subsequent events through October 22, 2013, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**OMB CIRCULAR A-133 COMPLIANCE AND
GOVERNMENT AUDITING STANDARD REPORTS**

CLIFTON W. NEWLIN
ROBERT D. WATKINS
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
The Idea Village, Inc
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Idea Village, Inc, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2013

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Idea Village, Inc's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Idea Village, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of The Idea Village, Inc's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Idea Village, Inc's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

October 22, 2013

Wegman Poyt + Company

CLIFTON W. NEWLIN
ROBERT D. WATKINS
EDWARD G. BERBUESSE, JR.
JON S. FOLSE



WEGMANN DAZET & COMPANY

MARK D. BOHNET
LISA D. ENGLADE
KERNEY F. CRAFT, JR.
JONATHAN P. KOENIG

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CIRCULAR A-133

Board of Directors
The Idea Village, Inc
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited The Idea Village, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Idea Village, Inc.'s major federal programs for the year ended June 30, 2013. The Idea Village, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of The Idea Village, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Idea Village, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Idea Village, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Idea Village, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of The Idea Village, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing

our audit of compliance, we considered The Idea Village, Inc 's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance Accordingly, we do not express an opinion on the effectiveness of The Idea Village, Inc 's internal control over compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses However, material weaknesses may exist that have not been identified

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 Accordingly, this report is not suitable for any other purpose Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document

October 22, 2013

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THE IDEA VILLAGE, INC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U S Department of Commerce Economic Adjustment Assistance	11 307	\$160,513
Department of Housing and Urban Development Office of Community Planning and Development	14 228	\$450,439
Delta Area Economic Development Pass through the Delta Regional Authority	90 201	\$ 50,000
U S Department of State Office of Secretary for Public Diplomacy and Public Affairs	19 040	<u>\$ 5,000</u>
Total Expenditures of Federal Awards		<u>\$665,952</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

THE IDEA VILLAGE, INC
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Note 1 General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of The Idea Village, Inc. The reporting entity is defined in Note 1 to The Idea Village, Inc.'s financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 3 Risk-based audit approach

The dollar threshold used to distinguish between Type A and Type B programs is \$300,000. The Village does not qualify as a low-risk auditee.

Note 4 Possible ineligible, disallowed and questioned costs

The Idea Village, Inc. is subject to audit(s) and investigation(s) by state and federal agencies or their designees for compliance with contractual and programmatic requirements with regard to funding provided to The Idea Village, Inc. The determination of whether any instances of noncompliance that will ultimately result in remittance by The Idea Village, Inc. of any ineligible or disallowed costs cannot be presently determined.

THE IDEA VILLAGE, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

We have audited the basic financial statements of as of and for the year ended June 30, 2013, and have issued our report thereon dated October 22, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, Issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2013 resulted in an unqualified opinion.

SUMMARY OF THE AUDITORS' RESULTS

- 1 Type of report issued on the financial statements **Unqualified Opinion**
- 2 Significant deficiencies in internal control were disclosed by the audit of the financial statements **No** Material weaknesses **No**
- 3 Noncompliance which is material to the financial statements **No**
- 4 Significant deficiencies in internal control over major programs **No** Material weaknesses **No**
- 5 Type of report issued on compliance for major programs **Unqualified Opinion.**
- 6 Any audit findings which are required to be reported under Section 501(a) of Circular A-133 **No**
- 7 Major programs for the fiscal year ended June 30, 2013 were
Department of Housing and Urban Development
Office of Community Planning and Development (CFDA #14 228)
- 8 Dollar threshold used to distinguish between Type A and Type B programs **\$300,000**
- 9 Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133 **No**
- 10 A management letter was issued **No**

SCHEDULE OF FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There were no items identified in the course of our testing during the current year required to be reported

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS

No instances of reportable conditions were found

STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no instances of reportable conditions found